The utilisation of external assistance, which has been provided through budget to on-going power projects being constructed in Central and State sectors during 2000-2001 is as follows :—

Year	Disbursement Target (B.E.) (Rs. Crore)	Actual Utilisation (Rs. Crore)	% Utilisation of BE.
2000-2001	1809.71	2351.79	129.90

During 2000-2001, full utilization of external assistance could not be achieved in some of the ongoing projects. Substantial shortfalls were in Nathpa Jhakri HEP (NJPC), Srisailam Power Transmission Project (APTRANSCO), Purulia Pumped Storage Power Project (WBSEB), West Bengal Power Transmission Project (WBSEB), Bakreshwar Thermal Power Project (WBPDCL) and R and M of Umiam HEP (Meghalaya). Broad reasons for shortfall in utilization of external assistance include damage of plant and equipment by flash floods, delay in award of contracts, delay in supplies by contractors and performance guarantee test, litigation problems etc.

Power Bonds

4060. SHRI RAMDAS AGARWAL : Will the Minister of POWER be pleased to state:

(a) whether "NTPC is likely to earn Rs. 900 crore annually from SEB bonds" as reported in the Hindustan Times dated 6th August, 2001;

(b) if so, the details thereof;

(c) the total outstanding dues including surcharge which State Electricity Boards (SEBs) owe to NTPC till date; and

(d) whether this cash flow from the bonds would be sufficient for NTPC's reported plan to add 20,800 MW capacity by 2012 as well as to set-up hydel power projects of around 3000 MW ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTIMEHTA): (a) and (b) Pursuant to decision taken in the Chief Ministers' Conference in March, 2001, the Expert Committee constituted by Government of India under the Chairmanship of Member (Energy), Planning Commission has submitted its report on one time settlement of outstanding dues of State Electricity Boards (SEBs) payable to Central Public

Sector Undertakings (CPSUs) on 11-5-2001. The Expert Group has recommended substantial incentive to the State utilities to settle past dues and ensure full payment in future. These benefits includes :

(i) Partial write-off surcharge to the extent of 50% thereof.

(ii) CPSUs to give 2% of bond amount as cash incentive to those SEBs who open and maintain LCs without default by the specified dates.

(iii) The incentives for a period of 4 years @ 4% of the face value of the bonds to SEBs for achieving the prescribed performance milestones by the SEBs.

Recommendations of the Expert Group were considered by the High Level Empowered Group of Chief Ministers and these Recommendations have been accepted with the following modifications.

(a) The waiver of surcharge recommended by the Expert Group shall be increased from 50% to 60%.

(b) The incentives for a period of 4 years @ 4% of the face value of the bonds for achievement of performance milestones by the SEBs shall be increased to 6% in the first year and 5% in the second year.

Based on the above the total amount of bonds likely to be received by NTPC against SEBs dues as on 28-02-2001 are Rs. 13409.62 crore excluding the 60% write-off of surcharge. On these bonds NTPC will earn interest as under:

Year	Likely interest earning	
	Rate (%) per year*	Amount (Rs. Crore)
First year	0.5	67.05
Second year	3.5	469.34
Third year	4.5	603.43
Fourth year	4.5	603.43
Fifth year onwards	8.5	1139.81

*After pmvklinu for cash incentives for opetiing/mniniainini! IX." ((/' 2"-ii ol IKHUI value ami furl her cash incentives for achieving the prescribed perform mice milestones

(c) The total outstanding dues payable by States/SEBs to NTPC as on 31 -7-2001 are Rs. 18632.80 crores including surcharge of Rs. 6658.47 crores.

(d) The fund requirements for adding Thermal capacity of 20750 MW works out to Rs. 114000 crores approximately. The total fund requirement for

Hyclcl Capacity of 3000 MW shall be Rs. 18000 crore. The total fund requirement is of the order of Rs. 132000 crore. NTPC proposes to fund its capacity addition programme in a debt equity ratio of 70 : 30. The total equity/ internal resource requirement works out to Rs. 40000 crore. Since NTPC is not in receipt of any budgetary support from the Government of India, the equity portion is required to be funded out of internal resources generated by NTPC.

Financial closure of I.P.P.

4061. SHRI RUMANDLA RAMACHANDRAIAH : Will the Minister of POWER be pleased to state:

(a) whether the Union Government have pointed out that State Governments would have to assume responsibility for achieving financial closure of independent power projects;

(b) if so, whether the Union Government has also pointed out that States would have to ensure financial closure of 16 major power projects before March 31st, 2001;

(c) the total number of projects that are being considered for closure;

(d) how many of such power projects have been closed; and

(e) to what extent it has affected the power position ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER : (SHRIMATI J AYA WANTI MEHTA): (a) to (e) One of the main reasons for many Independent Power Producers not achieving financial closure is the inability of State Electricity Boards to offer an adequate payment security mechanism. With a view to identify an acceptable payment security mechanism for Independent Power Producers (IPPs), in the eighth meeting of the Crisis Resolution Group (CRG) held on March 30,2000 under the chairmanship of Minister of Power, various alternatives to escrow were discussed, *in* this meeting, it was decided that financing of IPPs, from the concerned State Governments, should be linked with the progress of reforms undertaken by the State Governments. The Financial Institutions have agreed to undertake financing of IPPs on the basis of a legally binding agreement to be made by State Governments to provide escrow before Commercial Operation Date instead of the present practice of escrow at the time of financial closure. 16 power projects totalling 6887 MW were identified for removal of the Mast mile' problems by March 31, 2001. Out of these, while one project [Surat